

**STATE OF VERMONT  
PUBLIC SERVICE DEPARTMENT**

**Docket 7336**

**Petition of Central Vermont Public Service     )  
Corporation for approval of an alternative     )  
regulation plan pursuant to 30 V.S.A. § 218d     )**

**CONSERVATION LAW FOUNDATION'S  
PROPOSED FINDINGS OF FACT & BRIEF**

Conservation Law Foundation (CLF), by and through its attorney, Sandra Levine,  
submits the following proposed findings of fact and brief in the above captioned proceeding.

**FINDINGS OF FACT AND BRIEF**

**I. Introduction**

Conservation Law Foundation supports the proposed alternative regulation plan of Central Vermont Public Service (CVPS). The proposed plan provides an alternative means of regulation that will achieve the statutory standards set forth in 30 V.S.A. § 218d. In particular, the CVPS plan provides for meaningful incentives and innovations to improve performance and advance state energy goals including increased reliance on Vermont based renewable energy and enhancing opportunities for meeting power needs with cleaner and lower cost energy efficiency.

Conservation Law Foundation recommends that the Board approve the CVPS alternative regulation plan as proposed.

## **II. Support for Alternative Regulation**

Conservation Law Foundation strongly supports Vermont's efforts to use alternative regulation as a means to better manage decisions about Vermont's energy future. Existing regulation includes perverse disincentives that thwart efforts to provide energy services at least cost. As a result, under existing regulation, Vermont will likely pay more for electricity than it needs to and will suffer the consequences of more pollution and more greenhouse gas emissions that lead to global warming. To reverse these trends, alternative regulation offers the opportunity to better align good decision making with the ability to earn a profit. In allowing alternative regulation and enacting 30 V.S.A. § 218d, the Vermont Legislature took a bold step to create a framework for an alternative to the existing system that would allow more flexibility regarding regulation, and would instead allow financial incentives or performance standards to replace traditional regulatory oversight.

## **III. Proposed Findings**

1. Conservation Law Foundation and Central Vermont Public Service Corporation submitted a Stipulation on June 12, 2008. Exhibit CVPS-Rebuttal-PJK/RDC-5 (Stipulation).
2. The terms of the Stipulation are proposed as part of the CVPS alternative regulation plan. Rebuttal Testimony of P. Keefe and R. Cook 6/23/08 at 21.
3. The Stipulation is designed to further the objectives of 30 V.S.A. § 218d of : (1) providing least-cost energy service to customers; (2) implementing innovations that advance state energy policy that call for increased reliance on Vermont-based renewable energy; and (3) promoting improved quality of service, reliability, and

service choices for CVPS customers. Exhibit CVPS-Rebuttal-PJK/RDC-5 (Stipulation) and Exhibit CVPS-WJD-6 (support for Stipulation).

4. The Stipulation commits CVPS to advance Vermont based renewable generation.

Specifically, CVPS will “work with stakeholders to develop mechanism to help customers obtain third party financing for new on-premises renewable generation.”

Exhibit CVPS-Rebuttal-PJK/RDC-5 (Stipulation) at 2.

5. CVPS will provide limited administrative support to develop information and

procedures needed to assist project developers to finance new on-premises

renewables. CVPS also will work with others to help overcome barriers to the

introduction of new on-premises renewables. Exhibit CVPS-Rebuttal-PJK/RDC-5

(Stipulation) at 2.

6. CVPS also will work with the Energy Efficiency Utility (“EEU”) and the Vermont

Department of Public Service (the “Department” or “DPS”) to develop and

implement an EEU program to promote the installation of societally cost-effective:

(a) solar thermal hot water systems; (b) small Combined Heat and Power (“CHP”)

installations in residential and small Commercial and Industrial (“C&I”) markets; and

(c) other specific market niches of interest to CVPS including cost-effective heat

pumps. CVPS-Rebuttal-PJK/RDC-5 (Stipulation) at 3.

7. CVPS will recommend that a portion of its 2008 NEIL credit and its 2007 ANI

amounts related to Vermont Yankee be devoted to funding a collaborative process

with CLF, REV and other interested parties promptly to identify barriers to the

development of CHP in targeted areas of CVPS’s service territory (including review

of company-wide policies and practices that may create barriers). Exhibit CVPS-

WJD-6 (support for Stipulation) at 1; Exhibit CVPS-Rebuttal-PJK/RDC-5 (Stipulation) at 3-4.

8. CVPS will fully implement Automated Metering Infrastructure ("AMI") as fast as it reasonably can under a timetable to be approved by the Board that includes agreements to introduce demand/load response programs for residential, C&I and Industrial customers, and cost-justified dynamic pricing where appropriate and consistent with the Company's rate design plan filed under Docket No. 7095. Exhibit CVPS-WJD-6 (support for Stipulation) at 1; Exhibit CVPS-Rebuttal-PJK/RDC-5 (Stipulation) at 4.

#### **IV. Discussion**

The commitments of CVPS set forth in the Stipulation meaningfully advance a number of the statutory requirements for approval of an alternative regulation plan. In approving the Green Mountain Power alternative regulation plan in docket 7176, the Board stated: "This Board has consistently promoted actions that advance state energy policies, particularly investments in efficiency and renewable energy. ... Any Plan must, both as a matter of law, and as an essential element of sound least-cost energy service, continue to provide incentives for efficiency and renewable energy." *Petition of Green Mountain Power Corp. for approval of an alternative regulation plan*, Docket 7175/7176 Order at 35 (12/22/06). The CVPS Plan advances and improves the delivery of least cost service to CVPS's customers and increases CVPS's reliance on Vermont-based renewable energy. 30 V.S.A. § 218d (a)(1) & (4).

The statutory criteria for approval of an alternative regulation plan include the requirement that the plan "offer incentives for innovations and improved performance that

advance state energy policy such as increasing reliance on Vermont-based renewable energy and decreasing the extent to which the financial success of distribution utilities between rate cases is linked to increased sales to end use customers and may be threatened by decreases in those sales.” 30 V.S.A. § 218d(a)(4). Implementation of CVPS’s ARP helps advance adoption of net metering by customers. The Plan effectively separates the volume of utility sales from the Company’s profits. As a result, CVPS can fully support and actively encourage expansion of Vermont based renewable energy through net metering and not suffer financial harm as a result of lost kilowatt hour sales. The Stipulation builds on this benefit by committing CVPS to offer to purchase power from any new SPEED project and by committing CVPS to help with providing third party financing for installation of new on-premises renewable projects. These commitments will help advance use of renewable energy in CVPS territory and will advance Vermont’s energy policy to increase reliance on Vermont-based renewable energy.

The commitments of CVPS in the Stipulation promote improved quality of service and expand service choices for CVPS customers. 30 V.S.A. § 218d(a)(5) provides that before approving an alternative regulation plan, the Board shall find that the Plan will “promote improved quality of service, reliability and service choices.” Under the Stipulation that is part of the Plan, CVPS commits to an aggressive timetable to implement advanced metering technology (AMI) and the rate design and expanded service offerings to utilize AMI to improve quality of service and expand customer offerings. These have the potential to improve quality of service, reliability and service choices. They are specific actions that will advance these goals.

The AMI commitments will also advance important state environmental and energy goals. Under 30 V.S.A. § 218d(a)(1) requires any alternative regulation plan to “establish a system of regulation in which such companies have clear incentives to provide least-cost energy

service to their customers.” Here, CVPS’s commitments regarding AMI will assist customers in reducing demand or supporting energy efficiency investments and measures. By enabling customers to reduce demand or reduce demand at peak times when power is most often expensive and generated by burning fossil fuels, CVPS’s AMI commitments have the potential to provide both significant environmental benefits to the state of Vermont, as well as providing a clear incentive to provide least-cost energy services. Incorporating this into the Plan provides CVPS with the flexibility and resources needed for this undertaking.

Under 30 V.S.A. § 218d(a)(6) an alternative regulation plan shall “encourage innovation in the provision of service.” Here, the CVPS commitments to renewable energy and expanding opportunities for efficiency investments and on site renewable generation and CHP demonstrate significant innovation in the provision of service. These efforts advance both customer opportunities and Vermont’s energy policies. They provide specific and concrete actions that will be taken to encourage more reliance on clean, renewable generation. They also provide specific steps and actions to improve customer service and expand offerings that can allow customers to better manage their electricity use and help avoid wasting electricity.

The commitments of CVPS set forth in the Stipulation that is part of the CVPS Alternative Regulation Plan satisfy a number of the alternative regulation standards. These commitments help satisfy the requirement to have clear incentives to provide least-cost energy service under 30 V.S.A. § 218d(a)(1). They also help satisfy the requirement to deliver safe and reliable service under 30 V.S.A. § 218d(a)(3). They offer meaningful incentives for innovations and improved performance that advance state energy policy as required by 30 V.S.A. § 218d(a)(4). They promote improved quality of service, reliability and service choices as

required by 30 V.S.A. § 218d(a)(5). They also encourage innovation in the provision of service as required by 30 V.S.A. § 218d(a)(6).

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**V. Conclusion**

For the foregoing reasons, Conservation Law Foundation recommends the Board to approve the CVPS alternative regulation plan as proposed.

Dated at Montpelier, Vermont, this 8<sup>th</sup> day of August, 2008.

CONSERVATION LAW FOUNDATION

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